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No. 98-322

IN THE
Supreme Court of the United States
OCTOBER TERM, 1998

EXXON CORPORATION AND
EXXON CHEMICAL PATENTS, INC.,

Petitioners,

v.

THE DOW CHEMICAL COMPANY,

Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONSE TO PETITIONERS' SUPPLEMENTAL BRIEF

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January 4, 1999

RULE 29.6 STATEMENT

Pursuant to Rule 29.6, The Dow Chemical Company hereby states that it has no parent corporation and one nonwholly owned subsidiary that is publicly traded, Astropower, Inc. This statement amends the one set forth in Dow's brief in opposition.

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RESPONSE TO PETITIONERS' SUPPLEMENTAL BRIEF

Petitioners Exxon Corporation and Exxon Chemical Patents, Inc. (collectively "Exxon") have filed a supplemental brief suggesting that it might be appropriate to hold their petition pending consideration of a forthcoming petition in another case. *See* Petrs.' Supp. Br. 1. That other petition has now been filed. *See Hunter Douglas, Inc. v. Harmonic Design, Inc.*, 153 F.3d 1318 (Fed. Cir. 1998), *petition for certiorari filed*, 67 U.S.L.W. ___ (U.S. Dec. 10, 1998) (No. 98-969). Review of the *Hunter Douglas* petition establishes that the suggested hold is unwarranted. The reason is straightforward: Exxon has expressly disclaimed the broad preemption theory advanced in the *Hunter Douglas* petition in favor of a far narrower theory not presented in that petition.

Exxon presented two distinct preemption theories in its petition: (1) that Dow's state-law claim is preempted

altogether, *see* Pet. 7-13, and (2) that Dow's state-law claim is preempted by some sort of analogy to *Walker Process Equip., Inc. v. Food Mach. & Chem. Corp.*, 382 U.S. 172 (1965), because it supposedly alleged only inequitable conduct and not fraud, *see* Pet. 13-16. Dow's brief in opposition explained why both of these novel theories are incorrect, and emphasized in particular that the former, broader theory would leave the conduct challenged in this case wholly unregulated by either federal or state law. *See* Opp. Br. 14-15. As Dow explained, the federal patent laws neither protect nor remedy marketplace misconduct relating to the bad-faith enforcement of a patent. *See id.* Exxon's broader preemption theory, thus, would create "a legal no man's land" in which tortfeasors would enjoy "absolute immunity" for their misconduct. *Id.*

Exxon attempted to blunt this criticism in its reply brief by jettisoning the broader preemption theory altogether. *See* Rep. Br. 4-5, 8. Exxon specifically represented that it "does not seek 'absolute immunity' for even the type of claims that Dow seeks to advance here. *Instead*, it is Exxon's position that under *Walker Process Equipment, Inc. v. Food Machinery & Chemical Corp.*, 382 U.S. 172 (1965), Dow must allege and then prove actual fraud—not merely inequitable conduct before the PTO—before pursuing a damage claim based upon a patentholder's provision of infringement notices." Rep. Br. 4-5 (emphasis added). The underlying state-law claim *per se*, in other words, is not preempted. Exxon later reiterated that it "does not seek the creation of a 'legal no man's land,' but *instead* argues that the standards of *Walker Process* fraud . . . should be applied to strike a proper accommodation" of the competing interests. Rep. Br. 8 (emphasis added).

That is not the language of an alternative argument: Exxon's reply brief advanced a "*Walker Process*" preemption theory "instead" of—not "in addition to"—the broader preemption theory set forth in the petition. Having chosen to abandon the broader preemption theory as a matter of litigation tactics, Exxon now is in no position to pursue that theory. *See, e.g.*,

Fort Stewart Schools v. FLRA, 495 U.S. 641, 646-47 (1990); *Ernst & Ernst v. Hochfelder*, 425 U.S. 185, 215 (1976); *Hartmann v. Prudential Ins. Co. of Am.*, 9 F.3d 1207, 1212 (7th Cir. 1993); *cf. Smith v. Murray*, 477 U.S. 527, 534-35 (1986). Rather, Exxon must abide by its decision to limit itself to a *"Walker Process"* theory—a theory that, as Dow has pointed out, (1) Exxon waived below, *see* Opp. Br. 12, (2) is not a preemption theory at all, *see id.* at 12-13, and (3) does not apply here because the complaint alleges fraudulent misconduct, *see id.* at 13.

The *Hunter Douglas* petition presents the broader preemption theory that Exxon specifically disclaimed in its reply brief, and does not even cite *Walker Process*. Accordingly, a hold for *Hunter Douglas* is neither necessary nor appropriate.

CONCLUSION

For the foregoing reasons, as well as those set forth in Dow's brief in opposition, the petition for a writ of *certiorari* should be denied.

Respectfully submitted,

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